

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
YUETING JIA, <sup>1</sup>	)	Case No.: 19-12220 (KBO)
	)	
Debtor.	)	

**CHAPTER 11 STATUS REPORT AND  
NOTICE OF TERMINATION OF PLAN VOTING DEADLINE**

By and through his undersigned proposed counsel, Yueting Jia (“YT” or the “Debtor”), the debtor and debtor in possession in the above-captioned chapter 11 case (the “Chapter 11 Case”), hereby submits the following Status Report (the “Status Report”) to advise the Court regarding the status of the Chapter 11 Case and progress to date and to provide notice of the termination of the deadline to vote on the *Debtor’s Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code* [Docket No. 4](the “Plan”).<sup>2</sup>

YT’s goal for this Chapter 11 Case is to resolve the claims of all his creditors. Before commencing his Chapter 11 Case, YT initiated an out-of-court exchange offer, backed by the Plan, which offered to exchange any and all rights related to claims against YT for a number of interests in a liquidating trust that will hold all of YT’s legally recognized personal assets (other than those assets that have been frozen or seized in the People’s Republic of China (“PRC”)), including his interests in Smart King Limited (“Smart King”), the parent company of Faraday & Future Inc. (“FF”). The Plan proposes to restructure the claims against YT to eliminate uncertainty about the ownership of FF with the goal of placing FF in a stronger position to obtain

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<sup>1</sup> The last four digits of the Debtor’s federal tax identification number are 8972. The Debtor’s mailing address is 91 Marguerite Drive, Rancho Palos Verdes, CA 90275.

<sup>2</sup> Capitalized terms used but not defined in this motion shall have the meanings used in the Plan. The related Disclosure Statement is filed at Docket No. 5.

financing for future competitive and strategic initiatives. Moreover, the Plan will align the interests of YT's creditors with the future of the company, allowing YT to repay his creditors while still fulfilling the aspirations for FF.

**A. Background and Events Leading to the Commencement of the Debtor's Chapter 11 Case**

1. YT previously founded LeEco, the first internet-based TV streaming service in China. As founder of LeEco, he built a global technology company and led its expansion to include LeshiZhiXin, Le Vision Pictures, Le Sports, LeMobile, LeTV, and other companies. He took Leshi Internet Information and Technology Corp., Beijing ("LIITCB") to a successful initial public offering on the Growth Enterprise Market (or GEM) of the Shenzhen Stock Exchange in 2010, and in 2014, Forbes China ranked him as the "No. 1 CEO" in the country.

2. However, the Debtor's businesses required substantial investment in R&D and business expansion and hence never generated positive cash flows. He sold some of his businesses to an investor in early 2017 to generate cash and repay certain corporate debts. YT and the non-listed LeEco group already have repaid over \$3 billion in debt since a bank froze all his assets and accounts located in China and those of the non-listed LeEco group, including, but not limited to, Leshi Holdings (Beijing) Ltd. and Letv Mobile Intelligent Information Technology (Beijing) Co., Ltd.<sup>3</sup> The value of those assets and accounts substantially exceeded the amount of outstanding debts. The freezing of assets and accounts led to a liquidity crisis, followed by the collapse of the non-listed LeEco group, which significantly impacted the collateral value of YT's shares of LIITCB for his personal borrowing and guarantees. Additionally, some of the Debtor's creditors obtained judgments against him and his business ventures and sought to recover on those judgments in the United States.

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<sup>3</sup> LeEco has both public and privately-held divisions.

**B. The Exchange Offer, Plan and Commencement of the Chapter 11 Case**

3. Faced with approximately \$3.4 billion in debt and competing lawsuits from creditors in the PRC and the United States, prior to the Petition Date, YT commenced the out-of-court exchange offer backed by the Plan. YT proposed the Plan both to be fair to his creditors and for the benefit of FF and its employees. Upon completion of the restructuring, YT will no longer hold his existing equity interest in Smart King. FF is a pre-revenue development stage global technology company headquartered in Los Angeles, California, with additional development activities and operations in China that designs and manufactures next-generation, zero-emission smart electric vehicles and mobility ecosystems with a view to carving out a dual-market strategy and having manufacturing capabilities and operations in both the U.S. and PRC, the two largest electric vehicle markets. FF has designed a new mobility platform that integrates clean energy, intelligent design, internet vehicle connectivity, and artificial intelligence functionality to create a seamless user experience, and has assembled a global team of automotive and technology experts and innovators to achieve its goal of redefining mobility.

4. Due to increased pressure by a small minority of creditors and to avoid a race to the courthouse, YT determined it was in the best interests of all his creditors to terminate the exchange offer and file the Chapter 11 Case to implement the restructuring through the Plan.

5. On October 14, 2019 (the “Petition Date”), the Debtor commenced the Chapter 11 Case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”). The Debtor remains in possession of his property and has continued to manage his affairs as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

**C. Events Since the Commencement of the Chapter 11 Case**

6. **Employment Applications.** On October 16, 2019, the Debtor filed applications to retain Epiq Corporate Restructuring LLC as the noticing and claims agent [Docket No. 16] and as his administrative advisor for the Chapter 11 Case [Docket No. 17]. The Debtor also filed an application to retain Pachulski Stang Ziehl & Jones LLP as his general bankruptcy counsel [Docket No. 18]. These three applications are presently scheduled for hearing on November 15, 2019, at 10:00 a.m. Eastern Time. The Debtor also expects to file applications to employ a Chief Restructuring Officer and to retain O'Melveny & Myers LLP as its special corporate, litigation, and international counsel.

7. **Schedules and SOFA.** On October 17, 2019, the Debtor filed his Schedules of Assets and Liabilities and Statement of Financial Affairs [Docket No. 27].

8. **Plan-Related Filings.** On October 18, 2019, the Debtor filed a Certified Translation of the 2019 Creditor Trust Non-binding Term Sheet [Docket No. 37], which forms the basis of the Plan.

9. On October 20, 2019, the Debtor filed the *Motion for Entry of an Order (I) Scheduling Combined Hearing on (A) Disclosure Statement, (B) Prepetition Solicitation Procedures, and (C) Confirmation of Prepackaged Plan; (II) Fixing Deadline to Object to Prepackaged Plan and Disclosure Statement; (III) Approving Form and Manner of Notice of Combined Hearing and Objection Deadline; (IV) Conditionally Canceling Meeting of Creditors; and (V) Granting Related Relief* (the “Motion for Combined Hearing”) [Docket No. 38] and the *Debtor's Motion for an Order (I) Establishing Claim Bar Dates for Filing Prepetition Claims and (II) Approving the Form and Manner of Notice Thereof* (the “Bar Date Motion”) [Docket

No. 39]. The Motion for Combined Hearing and the Bar Date Motion were originally set for hearing on November 5, 2019.

10. **Appointment of the Creditors' Committee.** On October 25, 2019, the Office of the United States Trustee appointed an official committee of unsecured creditors (the "Committee") [Docket No. 45]. The members of the Committee are: Ping An Bank, Ltd. Beijing Branch, China Minsheng Trust Co., Ltd., Shanghai Leyu Chuangye Investment Management Center LP, Jiangyin Hailan Investment Holding Co., Ltd., and Shanghai Qichengyueming Investment Partnership Enterprise.

11. The Committee retained Lowenstein Sandler LLP and Potter Anderson & Corroon LLP as counsel ("Committee Counsel") and Alvarez & Marsal North America LLP as its financial advisor.

12. Committee Counsel and the U.S. Trustee have provided comments regarding the Motion for Combined Hearing and the Bar Date Motion. While the Debtor is still considering those comments, the Debtor has agreed to extend the proposed deadline to file proofs of claims in the chapter 11 case by thirty days. Additionally, the Debtor agreed to continue the hearings regarding the Bar Date Motion and the Motion for Combined Hearing to November 15, 2019, at 10:00 a.m. Eastern Time.

13. Committee Counsel and counsel for the Debtor have discussed by phone the Chapter 11 Case and the Committee's due diligence regarding the Plan and related matters. An in-person meeting between the Debtor and Committee members, and their respective professionals, is in the process of being scheduled.

14. The Debtor will continue to work in good faith with the Committee and other creditors and parties in interest in this case in an effort to successfully restructure his debt,

resolve the claims of creditors, and emerge from the Chapter 11 Case as expeditiously as possible.

15. **Termination of Voting Deadline.** The current deadline to submit votes on the Plan (the “Voting Deadline”) is November 8, 2019, at 5:00 p.m. Beijing Time. As of the time of filing of this Status Report, the Debtor has received votes representing over \$460 million in claims in favor of the Plan. However, after discussions with the Committee and certain individual creditors, the Debtor has determined that it is in the best interests of his creditors to pursue a more traditional process for confirmation of the Plan. Accordingly, the Debtor is terminating the Voting Deadline and will withdraw the Motion for Combined Hearing.<sup>4</sup> The Debtor looks forward to continuing to work with his creditors to reach the shared goal of a consensual plan of reorganization.

16. The Debtor intends to file an amended disclosure statement within the next two weeks, which the Debtor will seek approval of by the Court at a hearing in December. After approval of the amended disclosure statement, the Debtor will solicit votes on the Plan with a new voting deadline to be established by the Court.

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<sup>4</sup> Notice of the termination of the Voting Deadline and this Status Report will be posted on the case website and Plan e-voting portal: <https://dm.epiq11.com/case/YT1/info>.

Dated: November 6, 2019

PACHULSKI STANG ZIEHL & JONES LLP

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